

Message Text

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42

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EURE-00 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 EB-07 CIEP-01 TRSE-00 STR-04

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 2593

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

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USMISSION OECD PARIS

USMISSION GENEVA

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: EFIN, ELAB, PINT, UK

SUBJECT: INITIAL TUC RESPONSE TO HEALEY ENCOURAGING

REF: LONDON 10191, LONDON 10138

SUMMARY - CHANCELLOR OF THE EXCHEQUER DENIS HEALEY, AC-
COMPANIED BY MICHAEL FOOT, SECRETARY OF STATE FOR EMPLOY-
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MENT, AND SHIRLEY WILLIAMS, SECRETARY OF STATE FOR PRICES

AND CONSUMER AFFAIRS, REITERATED HIS TOUGH PROPOSALS FOR A RIGID CEILING ON WAGES WHEN HE MET TODAY WITH THE TUC ECONOMIC COMMITTEE IN AN EMERGENCY SESSION. MR. HEALEY OFFERED UNIONS THE OPTION OF EITHER A 6 POUND FLAT RATE INCREASE OR A 10 PERCENT CEILING, AND HE WARNED THE TUC LEADERSHIP HE WOULD GO AHEAD WITH HIS PLANS WHATEVER THE TUC REACTION. HE ALSO INDICATED THAT IF THE TUC ACQUIRED -- HOWEVER RELUCTANTLY -- THE GOVERNMENT WOULD BE MORE RESPONSIVE TO THE TUC CONCERNS ABOUT PRICES AND EMPLOYMENT. END SUMMARY.

1. ABOUT HALF OF THE TUC ECONOMIC COMMITTEE MEMBERSHIP WAS ABSENT ON OTHER BUSINESS, INCLUDING ITS MOST CRUCIAL MEMBER, JACK JONES, CURRENTLY ATTENDING HIS UNION'S CONFERENCE IN BLACKPOOL. HOWEVER, ANOTHER MEETING OF THE COMMITTEE WILL BE HELD ON MONDAY, JULY 7TH AND THE TUC'S GOVERNING BODY, THE GENERAL COUNCIL WILL MEET ON WEDNESDAY, JULY 9, IN TIME TO GIVE A DEFINITIVE ANSWER TO THE CHANCELLOR AND THUS MEET HIS 7-DAY DEADLINE TO COME UP WITH THE OUTLINES OF A VOLUNTARY POLICY.

2. AFTER THE MEETING, TUC GENERAL SECRETARY LEN MURRAY TOLD THE PRESS THAT THE "SOCIAL CONTRACT IS STILL VERY MUCH ALIVE" AND THE CHANCELLOR REPORTED "WE HAVE HAD A VERY USEFUL DISCUSSION". MURRAY ADDED THAT THERE HAD BEEN A "UNANIMITY OF VIEW" THAT BRITAIN'S ECONOMIC ILLS COULD NOT BE SOLVED BY "CRIMINAL SANCTIONS AGAINST WORKERS AND THE UNIONS..." AND THAT "THERE WAS A STRONG MUTUAL DESIRE TO FIND AN AGREED SOLUTION TO THE PROBLEM OF SECURING A RAPID DECELERATION OF INFLATION, TO PROTECT THE OVERSEAS POSITION OF THE ECONOMY AND TO WARD OFF THE THREAT OF HEAVY UNEMPLOYMENT".

3. COMMENT: A TUC OFFICIAL WITH WHOM WE TALKED LATE THIS AFTERNOON BELIEVES THAT THE TUC WILL, IN FACT, "RELUCTANTLY ACQUIESCE" TO THE CHANCELLOR'S BASIC PROPOSALS. OUR SOURCE SAID THAT THE CHANCELLOR FIRMLY STOOD HIS GROUND ON HIS PROPOSALS AT THE MEETING, INCLUDING HIS THREAT TO INTRODUCE ENFORCEMENT LEGISLATION IF A VOLUNTARY AGREEMENT WAS NOT REACHED. HE ADDED THAT THE TUC LIMITED OFFICIAL USE

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ECONOMIC COMMITTEE'S MODERATE REACTION WAS OF REAL CONSEQUENCE DESPITE THE ABSENCE OF JONES AND OTHER MEMBERS, IMPLYING THAT JONES, FOR ONE, WAS IN CLOSE TOUCH WITH TUC GENERAL SECRETARY MURRAY BY TELEPHONE FROM BLACKPOOL.

RICHARDSON

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